

ORIGINAL

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF GEORGIA
ATLANTA DIVISION

FILED IN CLERK'S OFFICE
U.S.D.C. - Atlanta

SEP 03 2019

By:  JAMES N. HATTEN, Clerk
Deputy Clerk

UNITED STATES OF AMERICA
v.
LARRY SCOTT

Criminal Information
No. 1:19-CR-324

THE UNITED STATES ATTORNEY CHARGES THAT:

COUNT 1
(*Wire Fraud - 18 U.S.C. § 1343*)

At all times relevant to this Information:

1. The City of Atlanta was the capital and most populous city in Georgia with a metropolitan area population of approximately 5.7 million people. From 2012 to 2017, the City of Atlanta had an operational and enterprise budget between approximately \$1 and \$2 billion.
2. According to its website, the City of Atlanta - Mayor's Office of Contract Compliance "serves as a liaison, linking Small, Minority, Female and Disadvantaged Businesses with City of Atlanta related business opportunities and encourages equal opportunity for all businesses and individuals in the Atlanta workplace," and had a stated mission "to mitigate the effects of past and present discrimination against women and minority businesses ... [and] to promote full and equal business opportunity for all persons doing business with the City of Atlanta."

City of Atlanta

3. From 2002 to 2019, Larry SCOTT held several positions with the City of Atlanta, including:

- a. From approximately 2002 to January 2013, SCOTT served as the Senior Contract Compliance Manager in the Office of Contract Compliance;
- b. From approximately January 2013 to November 2014, SCOTT served as the Director of Procurement in the Department of Watershed Management; and
- c. From approximately November 2014 to September 2019, SCOTT served as the Director of the Office of Contract Compliance.

4. According to his Internal Revenue Service Forms W-2: Wage and Tax Statements:

- a. In 2012, SCOTT'S salary with the City of Atlanta was approximately \$57,253;
- b. In 2013, SCOTT'S salary with the City of Atlanta was approximately \$89,254;
- c. In 2014, SCOTT'S salary with the City of Atlanta was approximately \$90,829;
- d. In 2015, SCOTT'S salary with the City of Atlanta was approximately \$99,136;
- e. In 2016, SCOTT'S salary with the City of Atlanta was approximately \$95,968; and
- f. In 2017, SCOTT'S salary with the City of Atlanta was approximately \$98,444.

In total, from 2012 to 2017, Scott earned approximately \$530,000 as an employee with the City of Atlanta.

Cornerstone U.S. Management Group

5. Cornerstone U.S. Management Group, LLC ("Cornerstone") was a consulting firm for businesses seeking contracts in the Atlanta-metropolitan area and elsewhere.

6. On or about February 23, 2011, SCOTT incorporated Cornerstone with the Georgia Secretary of State as a for-profit corporation. In its Articles of Organization, Cornerstone listed SCOTT as its organizer and registered agent.

7. On or about December 3, 2011, SCOTT opened a business bank account for Cornerstone on which SCOTT was an authorized signer. On the business account application, SCOTT listed himself as the co-owner of Cornerstone.

8. From 2012 until at least November 2017, SCOTT served as Cornerstone's business manager. In that role and during that six-year period, Cornerstone paid Scott between approximately \$1,000 and \$5,000 per month. As Cornerstone's business manager, SCOTT typically electronically transferred his salary from Cornerstone's business account to his personal bank account.

9. In total, from 2012 to 2017, Scott earned approximately \$220,000 as Cornerstone's business manager.

Financial Disclosure Statements

10. According to the City of Atlanta's Code of Ethics § 2-814(a)(1), certain City of Atlanta officials and employees must disclose all "positions of employment held by the official or employee in any business . . . for all or any portion of the year, including a description of the type of business and the existence and nature of any

business done by the employer entity with the city.” The City of Atlanta’s Code of Ethics § 2-814(a)(2) further requires that these officials and employees disclose “[e]ach and every source of income from any business received by such official or employee in excess of \$5,000 derived from any single source in the preceding calendar year.”

11. Based on his management and executive-level positions, the City of Atlanta required SCOTT to complete annually a Financial Disclosure Statement.

12. On or about January 22, 2013, SCOTT completed and electronically signed a 2013 Financial Disclosure Statement under penalty of perjury. On the Financial Disclosure Statement, SCOTT listed his title as the “Contract Compliance Manager” and falsely attested that in 2012 he had neither: (a) been employed by Cornerstone; nor (b) received more than \$5,000 in annual income from Cornerstone. SCOTT submitted the 2013 Financial Disclosure Statement knowing that it contained false and fraudulent representations – because in 2012, SCOTT was employed by Cornerstone and received more than \$5,000 in income from Cornerstone.

13. On or about March 25, 2014, SCOTT completed and electronically signed a 2014 Financial Disclosure Statement under penalty of perjury. On the Financial Disclosure Statement, SCOTT listed his title as the “Director of Procurement” and falsely attested that in 2013 he had neither: (a) been employed by Cornerstone; nor (b) received more than \$5,000 in annual income from Cornerstone. SCOTT submitted the 2014 Financial Disclosure Statement knowing that it contained false and fraudulent representations – because in 2013, SCOTT was employed by Cornerstone and received more than \$5,000 in income from Cornerstone.

14. On or about March 11, 2015, SCOTT completed and electronically signed a 2015 Financial Disclosure Statement under penalty of perjury. On the Financial Disclosure Statement, SCOTT listed his title as the "Director - Office of Contract Compliance" and falsely attested that in 2014 he had neither: (a) been employed by Cornerstone; nor (b) received more than \$5,000 in annual income from Cornerstone. SCOTT submitted the 2015 Financial Disclosure Statement knowing that it contained false and fraudulent representations – because in 2014, SCOTT was employed by Cornerstone and received more than \$5,000 in income from Cornerstone.

15. On or about March 24, 2016, SCOTT completed and electronically signed a 2016 Financial Disclosure Statement under penalty of perjury. On the Financial Disclosure Statement, SCOTT listed his title as a "Director" and falsely attested that in 2015 he had neither: (a) been employed by Cornerstone; nor (b) received more than \$5,000 in annual income from Cornerstone. SCOTT submitted the 2016 Financial Disclosure Statement knowing that it contained false and fraudulent representations – because in 2015, SCOTT was employed by Cornerstone and received more than \$5,000 in income from Cornerstone.

16. On or about March 20, 2017, SCOTT completed and electronically signed a 2017 Financial Disclosure Statement under penalty of perjury. On the Financial Disclosure Statement, SCOTT listed his title as the "Director of Mayor's Office of Contract Compliance" and falsely attested that in 2016 he had neither: (a) been employed by Cornerstone; nor (b) received more than \$5,000 in annual income from Cornerstone. SCOTT submitted the 2017 Financial Disclosure Statement knowing that it contained false and fraudulent representations – because in 2016,

SCOTT was employed by Cornerstone and received more than \$5,000 in income from Cornerstone.

17. On or about March 13, 2018, SCOTT completed and electronically signed a 2018 Financial Disclosure Statement under penalty of perjury. On the Financial Disclosure Statement, SCOTT listed his title as the "Director, Office of Contract Compliance" and falsely attested that in 2017 he had neither: (a) been employed by Cornerstone; nor (b) received more than \$5,000 in annual income from Cornerstone. SCOTT submitted the 2018 Financial Disclosure Statement knowing that it contained false and fraudulent representations – because in 2017, SCOTT was employed by Cornerstone and received more than \$5,000 in income from Cornerstone.

Scheme to Defraud

18. As the City of Atlanta's Senior Contract Compliance Manager, Director of Procurement, and Director of Contract Compliance, SCOTT was required to complete a Financial Disclosure Statement listing any outside employment and sources of income of more than \$5,000 per year for calendar years 2012 to 2017.

19. From 2012 to 2017, SCOTT electronically filed six (6) false Financial Disclosure Statements, each executed under penalty of perjury. On each Financial Disclosure Statement, SCOTT knowingly failed to disclose that he had been employed by Cornerstone and that he had received more than \$5,000 in annual income from Cornerstone.

20. In particular:

- a. In 2012, SCOTT earned at least \$27,000 while working for Cornerstone as its business manager;

- b. In 2013, SCOTT earned at least \$13,000 while working for Cornerstone as its business manager;
- c. In 2014, SCOTT earned approximately \$54,736 while working for Cornerstone as its business manager;
- d. In 2015, SCOTT earned approximately \$56,900 while working for Cornerstone as its business manager;
- e. In 2016, SCOTT earned approximately \$59,717 while working for Cornerstone as its business manager; and
- f. In 2017, SCOTT earned approximately \$9,991 while working for Cornerstone as its business manager.

From 2012 to 2017, SCOTT earned approximately \$220,000 from Cornerstone while serving as a full-time management or executive level employee with the City of Atlanta. SCOTT never disclosed to the City of Atlanta his employment with and income from Cornerstone.

21. SCOTT knew that if he had disclosed his income from Cornerstone on his annual Financial Disclosure Statements, the City of Atlanta could have terminated SCOTT.

22. From 2012 to 2017, SCOTT also filed six (6) false and fraudulent federal income tax returns – in that Scott failed to report the majority of the income that he earned from Cornerstone on his tax returns.

23. From in or about 2012 to in or about November 2017, in the Northern District of Georgia and elsewhere, defendant LARRY SCOTT, knowingly devised and intended to devise a scheme and artifice to defraud and to obtain money and property from the City of Atlanta government by means of a materially false and

fraudulent pretense and representation, and by an omission of material fact, and in executing the scheme, caused the transmissions in interstate commerce, by means of wire communications, certain signs, signals, and sounds, that is – the electronic money transfers associated with SCOTT'S City of Atlanta salary payments from 2012 to November 2017, including the \$2,447.11 money transfer on or about January 20, 2017, from the City of Atlanta's payroll account to SCOTT'S Wells Fargo bank account ending in number 3853.

All in violation of Title 18, United States Code, Section 1343.

COUNT 2

(Filing False Tax Returns – 26 U.S.C. § 7206)

24. The United States Attorney re-alleges and incorporates by reference the factual allegations contained in paragraphs 1 through 23 of this Information as if fully set forth herein.

25. In 2015, SCOTT earned approximately \$156,036 in income. Specifically, SCOTT earned:

- a. \$99,136 as the City of Atlanta's Director of Contract Compliance; and
- b. \$56,900 as Cornerstone's business manager.

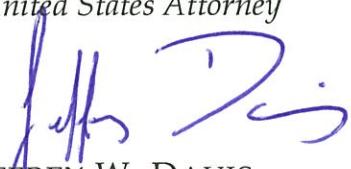
On his 2015 federal income tax return, SCOTT falsely listed his "total income" as \$101,630.

26. On or about April 15, 2016, in the Northern District of Georgia, defendant LARRY SCOTT, knowingly and willfully made and subscribed a 2015 United States Individual Income Tax Return (Form 1040) that was verified by a written declaration made under penalty of perjury, and filed with the Internal Revenue Service Center and which SCOTT did not believe to be true and correct as to every

material matter, namely SCOTT stated that his total income for 2015 was \$101,630 (on line 22), when he then and there knew that was not an accurate statement of his total income.

All in violation of Title 26, United States Code, Section 7206(1).

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